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SUBJECT: MFA Discusses the Kiril Islands with Codel Rohrabacher

¶1. (SBU) Summary: Visiting Congressman Dana Rohrabacher (R, CA) met with Russian MFA's Director of Asia-Pacific Regions Mikhail Galuzin on December 6 to discuss the Kiril Islands dispute between Russia and Japan. The Congressman presented to Galuzin his proposed

solution to the dispute, while Galuzin outlined current Russian perspectives on the issue. According to Galuzin, the dispute is a bilateral issue, and no discussion can take place without addressing

the competing sovereignty claims. He complained that while Russia wished to expand the Russo-Japanese bilateral relationship despite the territorial dispute, Japan saw the resolution of the dispute as a precondition to further cooperation in other areas of common interest. End Summary.

¶2. (SBU) In a December 6 meeting with MFA's Director of Asia-Pacific Regions Department Mikhail Galuzin, Representative Dana Rohrabacher

(R-California) expressed concern that China could pose a common threat to Russian and U.S. interests in the future. In his view, if

left unchecked, China would continue to support rogue states around

the world and eventually try to take over Siberia and areas of Russian influence. He therefore argued for the creation of an alliance between the United States, Russia, Japan, and India against

possible Chinese threats, and the first step in achieving this goal

should be the improvement of bilateral relations between Russia and Japan.

¶3. (SBU) In this regard, Representative Rohrabacher put forth a proposal to resolve the Kiril Islands/Northern Territories dispute between the two countries. The plan would set aside the sovereignty

question for a hundred years and create a free trade zone for the four islands and their surrounding waters. Both Russian and Japanese

citizens could freely do business or take up residence on the islands, and the territories would be governed by a condominium system. At the end of the hundred-year period, a referendum by the

island residents would determine the political status of the territories. Rohrabacher indicated that while the MFA was the first

to receive this proposal in writing, he had discussed this idea with

the Japanese ambassador in Washington. He also had discussions about

China with Prime Minister Aso, who was receptive to the idea of India, Russia, Japan, and the United States working together on the

challenges that China posed.

¶4. (SBU) Galuzin responded that the Russian government considered

China a strategic partner and preferred to work through inclusive collective organizations in the Asian Pacific region rather than blocs or alliances with limited membership. He said that excluding countries from regional arrangements would raise suspicions and harm the cooperative atmosphere in the region. He praised Representative Rohrabacher for being a good friend of Russia and welcomed his efforts to help mediate the territorial dispute between Russia and Japan. However, he emphasized that while the GOR was always open to new ideas, discussions on this issue could not be separated from the jurisdictional claims. For Russia, the islands were not just dots on a map, but integral parts of how Russia assessed the outcome of World War II, which remained a sensitive and emotional issue. The legal basis for the Russian claim of sovereignty over the four Southern Kiril islands was the Yalta Conference of 1945, from which the agreements between the United States, the Soviet Union, and the United Kingdom still remained in force.

15. (SBU) Emphasizing that Russia considered the territorial dispute to be a bilateral issue, Galuzin provided an overview of the discussions between the two governments to date. While both were unwilling to compromise on their sovereignty claim to all four disputed islands, there had been attempts over the years to improve

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the atmosphere surrounding the islands. Russian residents of the islands were allowed visa-free travel to Japan, and Japanese citizens could do the same to visit the islands. Japanese fishermen continued to fish in waters off the islands in accordance with an annual bilateral agreement on the volume and type of fish set aside for them. Galuzin indicated that the Russian government would very much welcome Japanese business presence on the islands, but admitted that since Russia wanted such business ties developed according to Russian legislation governing investments on the Kiril Islands, the Japanese side would not take up such an offer for fear of compromising its sovereignty claims.

16. (SBU) Galuzin complained that the Japanese government had been hindering progress on additional cooperative measures regarding the islands, as well as the expansion of bilateral relations, pending the resolution of the sovereignty issue. He asserted that such an approach was misguided and missed opportunities for cooperation in areas of common interest such as energy security, trade, and counter terrorism. Pointing out that the two-way trade volume between Russia and Japan was now at \$30 billion year to date, and all Japanese car makers had manufacturing presence in Russia, he stated that the resolution of the territorial dispute should not be a precondition for developing a potentially mutually beneficial relationship.

17. (SBU) Comment: Galuzin took over the reins of the Asia-Pacific Regions Department at the MFA two and half months ago, after a stint as the Charge d'Affaires in Tokyo. He is a long time Japan hand, has

an unassuming manner, and speaks fluent English.

18. (U) The delegation did not have an opportunity to clear this message.

Rubin